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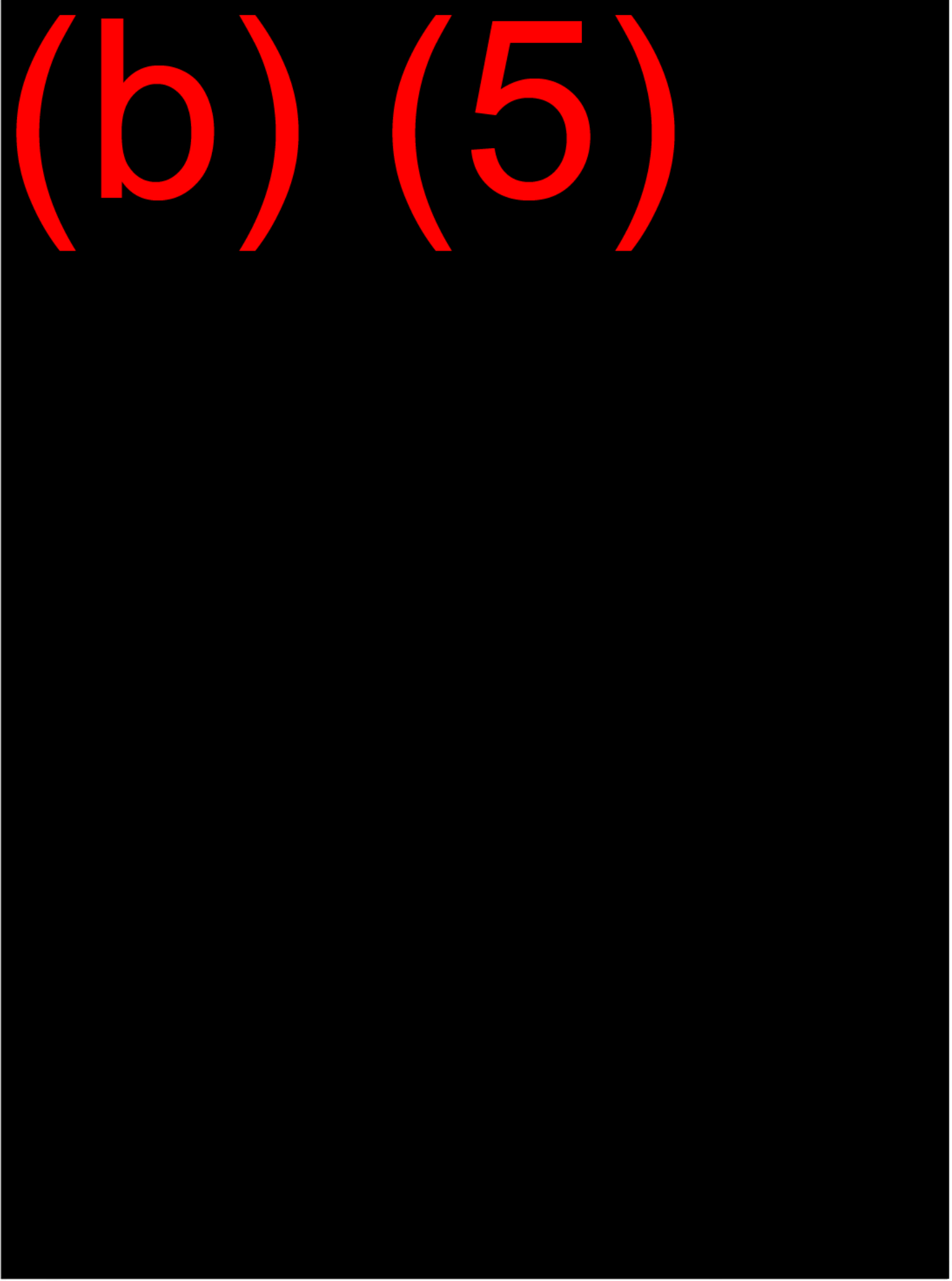
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**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8**

1595 Wynkoop Street
DENVER, CO 80202-1129
Phone 800-227-8917
<http://www.epa.gov/region08>

Ref: 8EPR-SR

MEMORANDUM

DATE: May 11, 2010

SUBJECT: Richardson Flats Repository Volumes

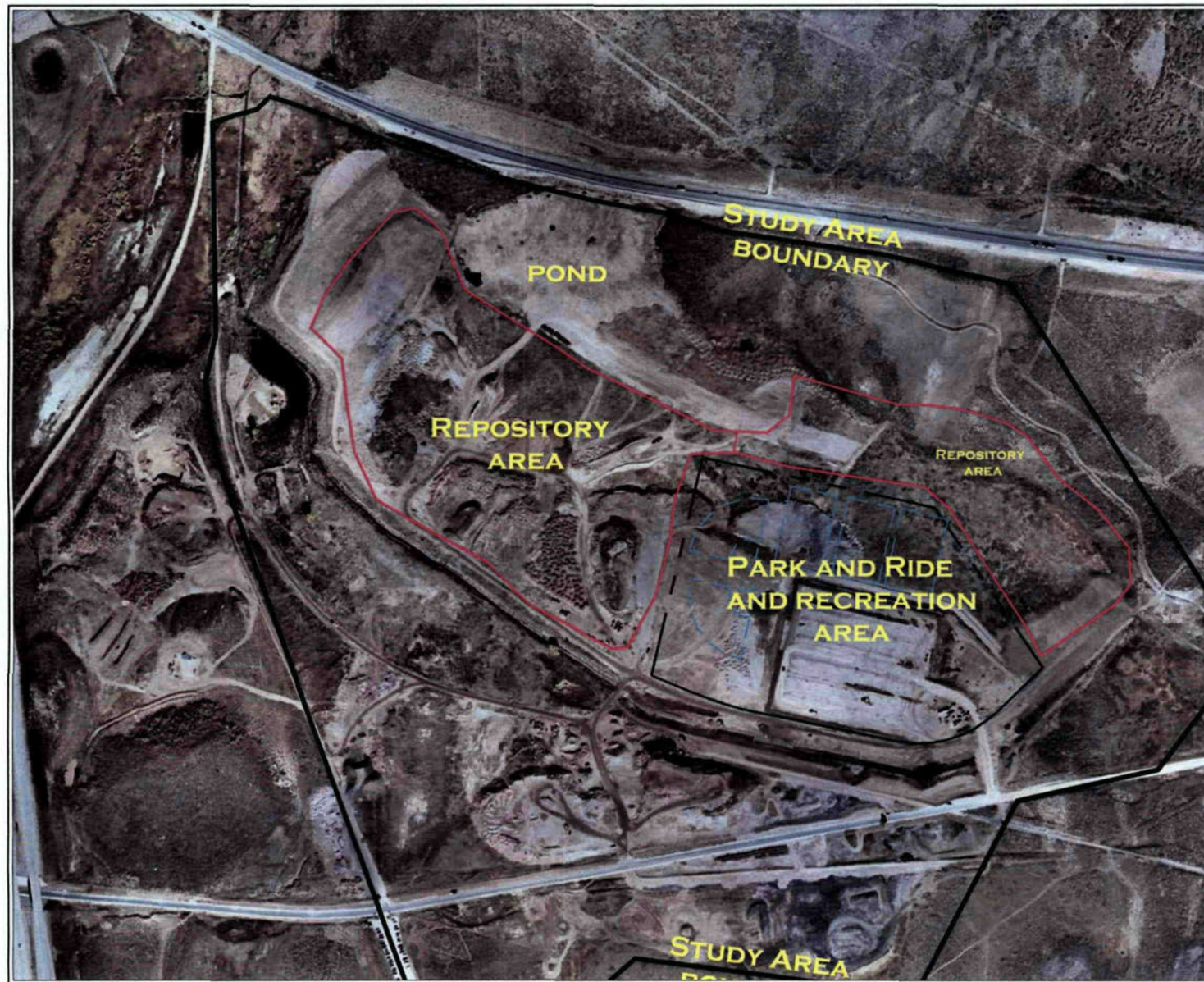
FROM: Kathryn Hernandez
Remedial Project Manager *Kathryn Hernandez*

TO: Kerry Gee
United Park City Mines
P.O. Box 1450
Park City, UT 84060

The purpose of this memorandum is to clarify what material will be accepted at the Richardson Flat Repository. The Richardson Flat Repository can accept Mine Waste from CERCLIS Sites located within the Silver Creek Watershed after approval by the Remedial Project Manager. Volumes documented and approved by EPA in the July 2, 2007 letter from Park City have been delivered to Richardson Flat Repository (101,920 cu/yds) and no additional material from Park City Municipal Corporation should be accepted.

cc: Mia Bearley, EPA, 8ENF
Maureen O'Reilly, EPA 8 ADR
Mo Slam, UT DERR

**RICHARDSON FLAT
REPOSITORY EXHIBIT**



NO SCALE



June 19, 2007 revised 07/02/07

Office of City Manager

Kathryn Hernandez
Environmental Protection Agency
Region 8
1595 Wynkoop Street
Denver CO 80202-1129

Re: Bevill Exempt Mine Waste - Richardson Flats Repository Volumes

Dear Kathy:

The purpose of this letter is to document Park City Municipal Corporation (PCMC) Bevill Exempt Mine Waste that has entered the Richardson Flats Repository consistent with the May 5th 2005 Memorandum of Understanding with Talisker. Approximately 67,920 cubic yards from various projects have entered, or will enter, the repository.

Completed Projects

China Bridge Parking Garage	24,000	cu/yds.	(unsuitable fill)
Frontier Bank Location	4,000	cu/yds.	
Prospect Street Re-construction	1,500	cu/yds.	
Various Prospector Home	≈ 5,000	cu/yds.	(+/- 2,000 yds)
U/g Utility Work	≈ 3,000	cu/yds.	(+/- 1000 yds)
201 Heber Avenue	≈ 20,000	cu/yds.	(+/- 5000 yds)
Sub-total	57,500	cu/yds	

Projects scheduled for completion by end of year 2007

Proposed Shell	420	cu/yds.	Not-completed
Alice Lode	3,000	cu/yds.	Not-completed
Park City High School	2,000	cu/yds.	Not-completed
Sub-total	5,420	cu/yds	

Future Project

Ralph Evans Property	5,000	cu/yds	Not-completed
Public Works Iron Horse Facility	34,000	cu/yds	Not-completed
Sub-total	39,000	cu/yds	
Grand Total	101,920	cu/yds	

*directly
revised
cu/yds*

Should you have any questions regarding this correspondence feel free to contact myself or Jeff Schoenbacher at 435 615 5058.

Sincerely,


Tom Bakaly, City Manager
Park City Municipal Corporation



Correspondence
related to
NPDES issues.

Office of City Manager

February 3, 2010

Walter L. Baker, P.E.
Director, Division of Water Quality
PO Box 144870
Salt Lake City UT 84114-4870

Subject: Point Source Discharge Permits for Judge Tunnel, Spiro Tunnel and Prospector Drain

Dear Mr. Baker:

Per your letter dated December 30, 2009, we would like to set up a meeting with you and your team to discuss obtaining the appropriate permits for the Judge Tunnel, Spiro Tunnel and Prospector Drain. We appreciate your offer to work in partnership with us to address the aforementioned point sources.

We have discussed the need for permitting with our City Council and they have provided us with direction to work with the Utah Department of Environmental Quality to obtain permits. We are now in agreement that the permits need to be issued and we are willing to be the party who applies for these permits.

We do want you to be aware that concurrently with applying for the permits, Park City will be taking steps to address the potential responsibility of other parties. While we would prefer that the Utah's Department of Environmental Quality issue notice to these other parties in advance of Park City Municipal applying for the permits, we do understand that UDEQ is unwilling to do this at this point.

Thank you for your willingness to work cooperatively and we do appreciate the good relationship between your organization and our city. Please let me know with whom we should meet to begin the permitting process.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Bakaly", written over a horizontal line.

Tom Bakaly, City Manager
Park City Municipal Corporation

CC: Carol Rushin, Acting Regional Administrator, U.S. EPA Region 8
Mia Wood, Regional Counsel, U.S. EPA Region 8
Amy Swanson, Senior Enforcement Attorney, U.S. EPA Region 8



State of Utah

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Rec'd 11/7/10
Department of
Environmental Quality

Amanda Smith
Executive Director

DIVISION OF WATER QUALITY
Walter L. Baker, P.E.
Director

Steve
Dale
Capista Jadin
ECES - Mr. [unclear]
J. K. [unclear]
[unclear]
C. [unclear]
Mr. [unclear]
B. [unclear]

December 30, 2009

Mr. Tom Bakaly
City Manager
Park City Municipal Corp.
445 Marsac Avenue
P.O. Box 1480
Park City, UT 84060-1480

Subject: Point Source Discharge Permits for Judge Tunnel, Spiro Tunnel and Prospector Drain

Dear Mr. Bakaly;

Thank you for meeting with Amanda Smith, members of my staff and me on December 2, 2009 regarding the need for point source permits for the three above-noted discharges operated by Park City Municipal Corp (PCMC). The Division very much appreciates PCMC's ongoing cooperation in improving water quality in the Silver Creek watershed.

This letter is intended to consolidate the Division of Water Quality's (DWQ) position based on the discussions we had on December 2nd as well as discussions with John Whitehead and other members of my staff on November 10, 2009. Further, it will serve as a formal response to your letter of November 23, 2009 to John Whitehead.

We agree with PCMC that further investigation should be undertaken on Silver Creek to determine if site-specific water quality standards for zinc and cadmium are appropriate. However, we believe that it is the permit applicant's responsibility, not DWQ's, to fund and conduct any studies towards determining site-specific water quality standards. Any such studies that are undertaken should be in close cooperation with DWQ and EPA to assure that the scope of the studies will address regulatory requirements. We do not believe that a Use Attainability Analysis is appropriate as the cold water fishery classification for Silver Creek has already been well-established.

Additionally, we feel that attempts to establish pre-mining background water quality levels would be extremely difficult, not a good use of resources and would very likely not yield results that are helpful. These efforts would have minimal bearing on what water quality standards are for Silver Creek. Establishing site-specific water quality standards is the appropriate pathway to addressing mining impacted watersheds.

Ongoing TMDL implementation efforts for the Silver Creek watershed do not obviate, nor must they delay, the permitting of point sources of pollution in the watershed. Permitting the three referenced point source discharges in the Upper Silver Creek watershed is now a timely issue given that significant upper watershed clean up has occurred. Anything which would delay the issuance and implementation of these permits would be detrimental for advancing improvements to water quality in the watershed. Based on our current information concerning the operation and maintenance of the three point source discharges and based on 40 CFR 122.21 (b) and R317-8-3.1(3), PCMC clearly seems to be the "operator" for each of the three point sources and accordingly should become the holder of discharge permits.

We are willing to work with PCMC to craft reasonable permit conditions and defensible effluent limits that can be incorporated into a compliance schedule that will afford PCMC reasonable timeframes in which to perform site-specific studies and to design and construct treatment facilities that may be necessary.

In conclusion, my office is very interested in working in partnership with PCMC to address the subject point source discharges. However, we are unwilling to be engaged in drawn out discussions or debates on the need for discharge permits to be issued. Therefore, unless discharge permit applications are expeditiously submitted to my office, as PCMC was recently directed to do by EPA, my office will bow out of the discussions and defer to EPA Region 8 for its resolution of the matter.

I request that PCMC respond to this letter no later than January 31, 2010 to advise me if PCMC will provide timely permit applications for the three subject discharges.

Sincerely,

A handwritten signature in black ink, appearing to read 'Walter L. Baker', with a stylized flourish at the end.

Walter L. Baker, P.E.
Director

cc Steve Tuber, EPA Region 8
Amanda Smith, DEQ
Fred Nelson, Attorney General

F:wbaker/wp/PCMC Response on 3 discharges.december 24 2009



Office of City Manager

Rec'd
80PRA
DEC 29 2009

Copies to:
[Signature]

December 22, 2009

Carol Campbell
Assistant Regional Administrator
U.S. Environmental Protection Agency Region 8
1595 Wynkoop Street
Denver CO 80202-1129

Dear Ms. Campbell:

Park City Municipal Corporation ("PCMC") has been working to address the issues you raised in your letters of July 23, 2009, and September 29, 2009, relating to Utah Pollutant Discharge Elimination System ("UPDES") permitting of the Prospector Drain, Judge Tunnel and Spiro Tunnel. I continue to have significant questions regarding whether the PCMC should be a party or the *only* party that should secure permits in light of the complicated facts relating to the sources at issue. Other parties remain in control of the pollutant loading that influences the water quality issuing from the tunnels and drain. Additionally, PCMC has a long-standing and productive relationship with the Utah Department of Environmental Quality (UDEQ) on these matters. *(Please see August 3, 2006 letter from UDEQ attached).*

I can assure you that PCMC shares EPA's and UDEQ's goal of attaining watershed water quality values as expeditiously as possible. For many years, the Park City Council has identified water and environmental issues as their highest priority responsibilities.

After receiving the letters from EPA earlier this year, I initiated discussions with UDEQ regarding questions relating to UPDES permits and to the continued remediation of the entire watershed. UDEQ and PCMC met on Wednesday, December 2, 2009, and had a productive meeting regarding the permitting requirements and the success of the decade-long stakeholder process. ~~I have also engaged specialized legal counsel in Denver to help us work through these issues.~~ Given the complicated history and many issues associated with the site, our counsel needs a reasonable amount of time to get up to speed. I intend to work closely with UDEQ in the next few months to determine the best way for the permits to be addressed and to investigate the associated funding issues. Accordingly, I request that the EPA provide UDEQ and PCMC at least 90 days to work on these issues.

December 22, 2009

Page Two

Please contact me or Tom Daley at (435) 615-5000 if you have any questions or would like to discuss these issues.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom Bakaly', with a stylized flourish extending from the end.

Tom Bakaly, City Manager
Park City Municipal Corporation

Cc: Stephen S. Tuber, Assistant Regional Administrator, U.S. EPA, Region 8
Walt Baker, Director, Utah Division of Water Quality
John Whitehead, Assistant Director, Utah Division of Water Quality



Office of City Manager

November 23, 2009

Mr. John Whitehead
Branch Manager
Division of Water Quality
State of Utah
P.O. Box 144870
Salt Lake City 84114-4870

Dear John;

Thank you for meeting with me and Park City staff on November 10th 2009 at your office.

I am happy that your agency recognizes the significant improvements in water quality for East Canyon and Silver Creek Watershed. As you know, the City firmly believes that the water quality improvements are directly related to Park City's environmental programs and the cooperative approach which is represented in the Silver Creek TMDL Project Implementation Plan. This is an approach which has, historically, well served all stakeholders and we hope this approach continues in the future.

The City does not believe that the TMDL Implementation Plan has run its course as originally intended; therefore, point source issues cannot be addressed at this time. The City continues to believe in the implementation of the TMDL and the focus on non-point sources as the overwhelming cause of impairment in the Silver Creek Watershed. We are in agreement that in the event the "point sources" need to be addressed in the future, it would be beneficial to conduct a Water Effect Ratio Study (WER) and Use Attainability Analysis (UAA) to resolve the open questions regarding actual water toxicity and stream classification. The objectives of those studies would coincide with the goals described in the Division of Water Quality letter dated August 16, 2004 to Ron Ivie (attached). Specifically:

1. Further examine the water chemistry (hardness, pH, etc.), fish, macro-invertebrates, and other related biota of Silver Creek to validate existing water quality standards or determine if a site specific water quality standard is appropriate for zinc and cadmium and what those standards should be.
2. Attempt to determine "background" or "baseline" conditions reflect water quality values with minimal human impact or without human-induced impact through supplemental monitoring and/or location of additional data.

Page Two

November 23, 2009

John Whitehead, Division of Water Quality

3. Evaluate the technical and economic feasibility of achieving water quality standards for zinc and cadmium, given the widespread historical mining impacts. This will include an investigation led by PCMC of treatability, along with associated costs, for metals of concern and identification of available funding sources for implementation.

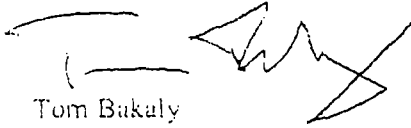
While Park City Municipal has no intention of applying for UPDES permits at this time, the City is in agreement that the WER and UAA study would be the mechanisms for assuring that the TMDL has appropriate end point targets. Such an approach will review site specific facts and perhaps explain why there remains a thriving cutthroat trout population within the lower Silver Creek Watershed despite high zinc levels. Given both the significant cost of water treatment and the fact that once a standard is determined, the associated costs will be borne by taxpayers in perpetuity, conducting both a WER and UAA study seems warranted.

As for the funding of the WER and UAA study, we believe the costs should be shared by all those who stand to benefit, rather than just between the Division of Water Quality and Park City Municipal Corporation. We believe the following parties should have an interest in financial participation of the study:

- Salt Lake City
- United Park City Mines
- Park City Mountain Resort
- Deer Valley Resort
- Park City Municipal Corporation
- Utah State Division of Water Quality
- Bureau of Land Management
- US Environmental Protection Agency

We look forward to further discussions with you on this matter on December 2, 2009 with Executive Director Smith. Thank you again for your time and consideration.

Sincerely,



Tom Bakaly
City Manager

cc: Amanda Smith, Executive Director, Department of Environmental Quality
Attachment

ROB BISHOP
1ST DISTRICT, UTAH

133 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-0453

324 25TH STREET
SUITE 1017
OGDEN, UT 84401
(801) 875-0107

6 NORTH MAIN STREET
BRIGHAM CITY, UT 84302
(435) 734-2270

125 SOUTH STATE STREET
SUITE 3420
SALT LAKE CITY, UT 84138
(801) 532-3244



Congress of the United States
House of Representatives
Washington, DC 20515-4401
November 10, 2009

COMMITTEE ON
ARMED SERVICES

COMMITTEE ON
EDUCATION AND LABOR

COMMITTEE ON
NATURAL RESOURCES

CHAIRMAN, CONGRESSIONAL
WESTERN CAUCUS

The Honorable Lisa Jackson
Administrator
Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Dear Administrator Jackson,


For many years the City of Park City, Utah has been developing a water importation project that will provide water to its residents until at least year 2040. Park City has spent over \$13,000,000 and will spend approximately \$5,500,000 more on the design, construction, and property acquisition required for the final components of the project – and none of this funding is from federal sources.

Park City has also gone to great lengths to obtain the necessary permits from the Army Corps of Engineers, the Utah Department of Environment Quality, and Summit County. One additional permit Park City needs is a "Low Impact Permit" which is issued by Summit County. The water line in question crosses an area that contains mine tailings. The permit application process requires Park City to prepare a study to identify the hazardous material and to articulate a materials handling plan. Park City has done so. The ordinance further requires EPA to approve the study. EPA has refused to approve Park City's study and has conditioned future approval on performing a duplicative Environmental Assessment and securing a State permit for a completely unrelated project.

One of EPA's overlying objectives is to prevent duplicative efforts wherever possible. Requiring Park City to do an Environmental Assessment on this water pipeline project when a soils study has already been completed would clearly be duplicative and wasteful of resources. And conditioning the Low Impact Permit on the acquisition of a permit for an unrelated project seems patently arbitrary and capricious.

Thank you for taking the time to review this situation. I ask the EPA to approve or deny the study based on the merits of the study and not use the study to strong-arm Park City into further actions.

If my office can be of any assistance, please don't hesitate to contact me or my staff.

Sincerely,

Rob Bishop
Member of Congress

9-29-09



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8

1595 Wynkoop Street
DENVER, CO 80202-1129
Phone 800-227-8917
<http://www.epa.gov/region08>

Ref: 8P-W-WW

Tom Bakaly, City Manager
Park City Municipal Corporation
P.O. Box 1480
Park City, Utah 84060

Re: Park City Extension Letter for NPDES Permit

Dear Mr. Bakaly:

Thank you for your August 3, 2009 letter asking for an additional sixty (60) days, or until November 27, 2009, to respond to our July 23, 2009 letter.

It should be noted that the July 23, 2009 letter did not specifically request that Park City respond to the Environmental Protection Agency (EPA). With regards to the Prospector Drain, Judge Tunnel, and Spiro Tunnel the letter outlined EPA's position that these are unpermitted point sources of pollutants which discharge to waters of the U.S. and therefore require a National Pollutant Discharge Elimination System (NPDES) permit. The letter suggested that Park City begin discussions with the Utah Division of Water Quality (UDWQ) as soon as possible regarding the permit application process for these sites and submit permit applications within 60 days. We understand that Park City has not initiated any discussions with UDWQ regarding the permit application process. This is unfortunate, as discussions with the State may have addressed some of the City's concerns and kept the application process moving forward.

EPA has discussed your request with UDWQ, and we have agreed that the time frame for submitting permit applications will be extended until November 27, 2009.

We encourage Park City to begin discussions with UDWQ as soon as possible regarding the permit application process. If you have any questions, please call me at 303-312-6241 or have your staff call Qian Zhang, the most knowledgeable person on my staff, at 303-312-6267.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stephen S. Tuber", is written over the typed name.

Stephen S. Tuber
Assistant Regional Administrator
Office of Partnerships and Regulatory Assistance



Office of City Manager

August 3, 2009

Carol L. Campbell
Assistant Regional Administrator
Office of Ecosystems Protection and Remediation
U S EPA Region 8
1595 Wyncoop Street
Denver, Colorado 80202-1129

I received your letter dated July 23, 2009 on July 29, 2009.

As you are aware, Park City has been working diligently toward mitigating the impacts of its mining history. As you point out in your letter, Park City's commitment to creating a safe environment for its residents and visitors is a top priority.

As you are also aware, the solutions to some of the problems created by over one hundred years of mining activity are not often easily implemented. Invariably, the interests of entities other than Park City Municipal Corporation must be considered. This is certainly true in the case of the Spiro Tunnel, where both Park City Mountain Resort and Deer Valley Resort as well as Salt Lake City must be involved in any action taken regarding water discharging from the tunnel.

Accordingly, I am asking you for an additional sixty (60) days, or until November 27, 2009, to respond to your letter. I am certain that in light of the circumstances you will view this as a reasonable request.

Very truly yours,


Tom Bakaly
City Manager

RECEIVED IN

AUG 10 2009

EPR-IO



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8

1595 Wynkoop Street
DENVER, CO 80202-1129
Phone 800-227-8917
<http://www.epa.gov/region08>

JUL 23 2009

Ref: 8EPR-SR

Tom Bakaly, City Manager
Park City Municipal Corporation
P.O. Box 1480
Park City, Utah 84060

Dear Mr. Bakaly:

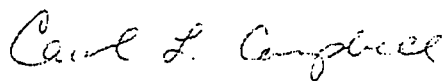
Thank you for your March 25, 2009 letter regarding matters that we discussed during our meeting in Salt Lake City. It was a good opportunity for us to initiate a dialogue on matters concerning the Silver Creek Watershed area. There are, however, a few issues that we would like to clarify.

In EPA's generic outline on the Agency's approach to assessment and remediation in watersheds, we stressed that our watershed process begins with the identification of the sources of pollutants. Once the most significant sources of contamination are identified, our cleanup program generally focuses first on cleaning up those sources to achieve existing water quality standards. While earlier data available during development of the Silver Creek TMDL indicated the Judge Tunnel discharge was not a significant source in relation to metal loading from the upper watershed, based upon upper watershed clean ups and more recent water quality data, the Prospector Drain, Spiro Tunnel and the Judge Tunnel are significant sources and should be addressed now consistent with a watershed based process. To support watershed based efforts there are currently two Silver Creek Watershed groups: the Upper Silver Creek Watershed and the Lower Silver Creek Watershed. Although some of the participants are represented in both groups, the stakeholders that attend have many unique interests. These groups will continue to meet separately, but will also have opportunities to meet jointly to address overall watershed issues.

We want to acknowledge Park City's commitment to water quality, as demonstrated in your recent visioning process and in the City's construction of the biocell to improve the quality of the discharge from Prospector Park. In order to work collaboratively to improve water quality in Park City and downstream, we would like to clarify EPA's view regarding several issues related to these efforts. There has been some discussion in the past in regards to the biocell being a Best Management Practice (BMP) rather than a point source. While the Utah Department of Environmental Quality (UDEQ) has initiated, but not yet completed, efforts to include BMPs for abandoned mine lands in the State's Nonpoint Source Management Plan, the biocell would not be covered as a nonpoint source under this plan. The biocell discharge is clearly a point source.

The City should contact UDEQ as soon as possible regarding the permit application process for the Prospector Drain, Judge Tunnel and Spiro Tunnel. EPA would expect that the permit applications for the three point source discharges will be submitted by Park City to UDEQ within 60 days of receipt of this letter. Absent applications within this time frame, EPA will consider its options including follow up by the NPDES enforcement program. EPA appreciates your attention to this matter. If you have any questions, the most knowledgeable persons on my staff are: Kathryn Hernandez (Superfund) at 303-312-6101; Sandra Spence (TMDLs) at 303-312-6947; and Qian Zhang (NPDES Permits) at 303-312-6267. We look forward to working with the City and other local partners toward continued improvement in water quality.

Sincerely,



Carol L. Campbell
Assistant Regional Administrator
Office of Ecosystems Protection and
Remediation

cc: Mayor Dana Williams, Park City
Muhammad Slam, UDEQ
Bret Everett, UDEQ
Kathryn Hernandez, 8EPR-SR
Kathleen Atencio, 8EPR-SR
Mia Wood, 8ENF-L
Maureen O'Reilly, 8EPR-T
Sandra Spence, 8EPR-EP
Darcy O'Connor, 8ENF-W-NP
John Whitehead, UDWQ
Carol Russell, 8EPR-EP
Walter Baker, UDWQ





Map Created: 9/21/2009



Park City, Utah Richardson Flat OU1 & OU2

0 0.25 0.5 1 1.5 2 Miles

Image Source: Utah HRO - 2006

Legend

- ▲ Mills
- Mines
- OU Boundary
- Drain Tunnels
- ++++ Rail Trail
- Rivers/Streams



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
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**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
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